

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Everett Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 29, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.75% to 7.625% and the adoption of a fully generational mortality assumption.

The Board adopted a schedule based on estimated valuation results using a 7.625% investment return assumption. This schedule reflects the actual valuation results using that assumption. The appropriations under this schedule are exactly the same as that of the prior estimate through FY28 with a minor change in FY29.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

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Enc.



Alternative 1b final
7.625% Investment Return
5.01% increasing

**Everett Retirement System
January 1, 2016 Actuarial Valuation**

Total Cost increasing 5.01% per year

| Fiscal Year | Normal Cost | Net 3(8)(c) | Amort. of UAL | Amort. of 2002 ERIP | Amort. of 2003 ERIP | Amort. of 2010 ERIP | Total Cost | Unfunded Act. Liab. | Total Cost % Increase |
|------------------------|------------------------|------------------------|--------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------|--------------------------------|----------------------------------|
| 2017 | 3,373,667 | 140,000 | 10,246,063 | 65,384 | 213,568 | 169,375 | 14,208,057 | 121,764,708 | |
| 2018 | 3,525,482 | 140,000 | 10,793,519 | 68,326 | 223,179 | 169,375 | 14,919,881 | 119,539,430 | 5.01% |
| 2019 | 3,684,129 | 140,000 | 11,369,240 | 71,401 | 233,222 | 169,375 | 15,667,367 | 116,541,765 | 5.01% |
| 2020 | 3,849,915 | 140,000 | 11,974,682 | 74,614 | 243,717 | 169,375 | 16,452,302 | 112,681,790 | 5.01% |
| 2021 | 4,023,161 | 140,000 | 12,611,371 | 77,971 | 254,684 | 169,375 | 17,276,562 | 107,861,132 | 5.01% |
| 2022 | 4,204,203 | 140,000 | 13,280,915 | 81,480 | 266,145 | 169,375 | 18,142,118 | 101,972,245 | 5.01% |
| 2023 | 4,393,392 | 140,000 | 13,985,003 | 85,147 | 278,122 | 169,375 | 19,051,038 | 94,897,623 | 5.01% |
| 2024 | 4,591,095 | 140,000 | 14,894,785 | 88,978 | 290,637 | | 20,005,495 | 86,508,951 | 5.01% |
| 2025 | 4,797,694 | 140,000 | 15,673,378 | 92,982 | 303,716 | | 21,007,770 | 76,666,185 | 5.01% |
| 2026 | 5,013,590 | 140,000 | 16,492,120 | 97,166 | 317,383 | | 22,060,260 | 65,216,562 | 5.01% |
| 2027 | 5,239,202 | 140,000 | 17,353,073 | 101,539 | 331,665 | | 23,165,479 | 51,993,522 | 5.01% |
| 2028 | 5,474,966 | 140,000 | 18,711,103 | | | | 24,326,069 | 36,815,548 | 5.01% |
| 2029 | 5,721,339 | 140,000 | 19,484,908 | | | | 25,346,248 | 19,484,908 | 4.19% |
| 2030 | 5,978,800 | 140,000 | | | | | 6,118,800 | 0 | -75.86% |

Appropriation payments assumed to be made July 1 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$500,000

FY17 amount maintained at level of current funding schedule.

Total cost increases 5.0% per year to FY28 with a final amortization payment in FY29.